



PRESS RELEASE

Internal Revenue Service - Criminal Investigation *Chief Richard Weber*

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IRS – Criminal Investigation

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Iowa Businessmen Indicted for Failing to Pay Employment Taxes

A grand jury sitting in Cedar Rapids, Iowa returned an indictment on Jan. 21, unsealed yesterday after their initial court appearances, charging two Iowa businessmen with federal employment tax violations, Acting Assistant Attorney General Caroline D. Ciruolo of the Justice Department's Tax Division and U.S. Attorney Kevin W. Techau of the Northern District of Iowa announced today.

Randy Less, 48, of Hopkinton, Iowa, and Darrell Smith, 59, of Forest City, Iowa, are each charged with multiple counts of willfully failing to truthfully account for, and pay over federal income, social security and Medicare taxes that were withheld from the wages of the employees of Permeate Refining Inc., which was in the business of ethanol production.

According to the allegations in the indictment, Less was the majority owner, a general partner and the general manager of Permeate Refining Inc. in Hopkinton. In those roles, Less had the responsibility to collect, truthfully account for and pay over to the Internal Revenue Service (IRS) federal income, social security and Medicare taxes withheld from the wages of his employees. From approximately the fourth quarter of 2009 and continuing through the fourth quarter of 2010, Less is alleged to have willfully failed to pay over to the IRS more than \$116,000 in withheld taxes.

The indictment further alleges that a company called Algae Energae purchased an ownership interest in Permeate in September 2009. After that purchase, it is alleged that Smith, a corporate officer and manager of Algae Energae, also had the responsibility to collect, truthfully account for and pay over to the IRS taxes withheld from the wages of Permeate's employees. From approximately the first quarter of 2011 and continuing through the third quarter of 2012, both Less and Smith are alleged to have willfully failed to pay over to the IRS more than \$307,000 in withheld taxes.

If convicted, the defendants face a statutory maximum sentence of five years in prison and a \$250,000 fine for each count.

An indictment is not a finding of guilt. Individuals charged in indictments are presumed innocent until proven guilty beyond a reasonable doubt.

Acting Assistant Attorney General Ciruolo and U.S. Attorney Techau thanked special agents of IRS Criminal Investigation, the FBI, the U.S. Postal Inspection Service and the U.S. Environmental Protection Agency, who investigated the case and Assistant U.S. Attorney Tim Vavricek of the Northern District of Iowa and Trial Attorney Matthew Hoffman of the Tax Division, who are prosecuting the case.

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